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Random Thoughts

By SANFORD ROSE

Those afflicted with what is commonly known as the closed-economy syndrome may never have pondered the connection between the activities of the European trade unions in the '70s and the credit quality problems of American banks in the '80s. Yet there is a nexus — and perhaps a more intimate one than most people care to admit.

When OPEC raised the price of oil in the '70s, it commandeered an increasing share of the domestic incomes of other countries. But in order for OPEC's share of that income to rise, the share of domestic claimants had to fall. In Europe this redivision of the wealth or income pie was resisted by virtually all parties. But it was resisted far more successfully by labor than it was by capital.

European trade unions were so strong that they could raise nominal wages sufficiently to more than offset the depredations of OPEC. (American trade unions, with some exceptions, were not so powerful.) As a result, in many European countries, the ratio of labor income to gross domestic product rose strongly during the mid- and late-'70s.

By contrast, the share of profits in gross domestic product tended to decline. In a manner of speaking, then, the real victims of OPEC were European businessmen, whose returns were sharply crimped.

Because profits came under intolerable pressure, European businessmen did far less investing than they ordinarily would have. This

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First Nationwide Launching Thrift Franchise Program

By KAREN SLATER and ROBERT TRIGAUX

NEW YORK — First Nationwide Savings of San Francisco, one of the nation's largest thrifts, is launching a franchise program under which it will market a wide range of services and a unifying name to other thrifts around the country.

The program, the first of such magnitude in the thrift industry, is intended to help savings and loan associations and savings banks compete as equals with large bank and nonbank competitors, while retaining their current ownership and local identity.

"The big enemy is not other S&Ls," Anthony M. Frank, chairman of the $7 billion-asset First Nationwide, said. "The real ogres are the large national institutions — Sears, Merrill Lynch, Citicorp, whatever else is rushing down the line at us."

Services to be offered to participating thrifts include national advertising, sharing of automated teller machines across the country, profitability analysis, product development, and mortgage banking.

The idea is to pool resources to reduce operating costs for participating institutions and help them get into new business areas.

Mr. Frank said the time is ripe for a franchise program. The continuing deregulation of depository institutions, he added, is opening up a whole range of powers to thrifts, while also forcing them to compete with a wider range of financial service organizations.

The name adopted for the franchise plan is First Savings Alliance. Participating thrifts will have the option

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Mortgage Bankers Association

The mortgage and housing industries are in dire straits, but new instruments, stricter lending rules, and new types of housing are expected to pull them out of the slump. Industry leaders pin the blame for their troubles on the administration. See page.....14

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Bank Acquisitions of Mortgage Firms Increase Sharply

High Interest Rates Spur Brisk Merger Activity Among 300 Largest Servicers, Survey Finds

By L. MICHAEL CACACE

NEW YORK — Acquisitions of mortgage companies by banks increased 69% over the year ending June 30, the American Banker finds in its 19th annual survey of the mortgage industry, which appears today.

The spate of activity is expected to continue until there is a prolonged period of lower interest rates.

During the period, continued high interest rates dampened demand for housing, and new housing starts fell sharply.

As new business declined, many mortgage companies in need of cash began selling off portions of their existing mortgage loan servicing portfolios.

Some of the buyers were well-funded mortgage companies — including the mortgage subsidiaries of banks — in search of additional servicing volume.

Also, high rates attracted other investors, including banks, thrift institutions, brokerage firms, and diversified financial companies.

"Loan servicing has proven to be an attractive investment during recent years, with prices reaching new historical highs," said Lawrence J. Trautman, vice president of Donaldson, Lufkin & Jenrette Securities Corp., a New York investment banking firm.

Mr. Trautman cited several factors — generally brought about by high interest rates — in the recent escalation in the value of loan servicing portfolios.

First, Mr. Trautman said, loans originated in recent years have tended

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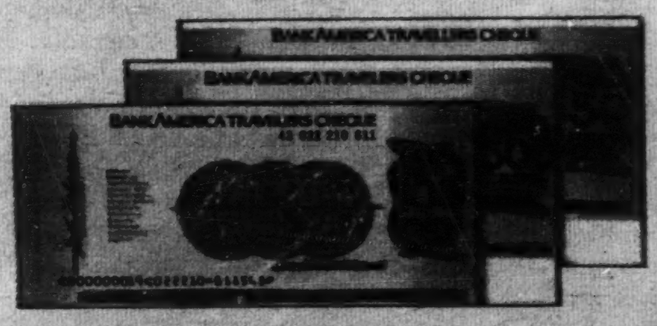

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The 100 Largest Mortgage Companies

Based on Volume of Permanent Mortgages Serviced on June 30, 1982 (a)

Compiled by American Banker Copyright 1982

Rank 6/30/82	Name of Firm & Headquarters City	Dollar Volume of Mortgages Serviced 6/30/82	6/30/81	Rank 6/30/81	Gain in Rank	No. of Mortgage Serviced 6/30/82	No. of Investors 6/30/82 Excluding GNMA Pools	GNMA Pools
1	Lomas & Nettleton Financial Corp., Dallas	$12,075,037,043	$11,588,771,423	1		488,675	858	1,095
2	Weyerhaeuser Mortgage Co., Los Angeles	7,760,565,000	4,432,000,000	5	+ 3	193,948	519	1,331
3	Banco Mortgage Co., Minneapolis	6,121,000,000	5,136,400,000	3		119,000	108	N.A.
4	Manufacturers Hanover Mortgage Corp., Farmington Hills, Mich	6,012,339,000	5,227,139,000	2		203,614	476	984
5	Mortgage Associates Inc., Milwaukee	5,880,620,000	3,366,022,000	14	+ 9	214,458	616	1,464
6	Suburban Coastal Corp., Wayne, N.J	5,310,025,000	4,380,038,000	6		109,462	175	387
7	Advance Mortgage Corp., Southfield, Mich	4,683,382,880	4,516,183,146	4		186,131	317	590
8	Colonial Mortgage Service Co., Philadelphia	4,474,000,000	4,237,769,672	7		124,878	398	470
9	Wells Fargo Mortgage Co., San Francisco	4,292,613,000	4,000,396,000	8		74,784	835	208
10	Kissell Co., Springfield, Ohio	4,066,614,020	3,527,795,545	11	+ 1	152,705	345	342
11	Cameron-Brown Co., Charlotte, N.C	4,023,586,790	3,458,000,000	12	+ 1	127,612	392	420
12	Chemical Mortgage Corp., Columbus, Ohio	3,987,647,863	3,553,876,259	10		58,017	205	321
13	Richard Gill Co., San Antonio, Tex	3,921,753,294	1,306,253,930	50	+37	106,823	268	956
14	Security Pacific Mortgage Corp., Denver	3,855,717,858	3,318,507,583	15	+ 1	90,890	399	786
15	Merrill Lynch Hubbard, Inc., New York	3,777,000,000	2,606,740,318	20	+ 5	50,836	102	536
16	Genstar Mortgage Corp., Glendale, Calif	3,760,000,000	3,240,000,000	16		99,929	172	957
17	Ralph C. Sutro Co., Los Angeles	3,720,550,052	2,603,398,472	21	+ 4	82,700	187	292
18	Bankers Mortgage Corp., Columbia, S.C	3,686,419,763	1,079,559,543	69	+51	117,994	221	834
19	Crocker Mortgage Co., Inc., Los Angeles	3,585,341,955	3,435,337,660	13		68,374	99	61
20	Shearson/American Express Mortgage Corp., Newport Beach, Calif	3,477,987,225	2,189,173,682	27	+ 7	81,938	315	407
21	Stockton, Whatley, Davin & Co., Jacksonville, Fla	3,449,271,000	2,835,000,000	18		109,449	320	349
22	Colwell Co., Los Angeles	3,221,250,000	3,143,851,000	17		105,062	322	836
23	Seafirst Mortgage Corp., Seattle	3,050,000,000	2,498,897,000	23		67,754	243	300
24	Charter Mortgage Co., Jacksonville, Fla	2,786,535,154	2,237,629,107	26	+ 2	71,694	144	2
25	Rainier Mortgage Co., Seattle	2,732,092,527	2,393,079,891	25		76,374	166	409
26	Southeast Mortgage Co., Miami	2,647,600,000	1,830,900,000	35	+ 9	66,340	288	363
27	Mortgage & Trust, Inc., Houston	2,562,634,433	2,399,802,591	24		83,226	261	327
28	VNB Mortgage Corp., Richmond, Va	2,282,715,689	2,188,457,187	28		81,911	166	383
29	F & M Mortgage Corp., Richmond, Va	2,179,332,766	2,029,191,076	29		53,505	206	351
30	Bowest Corp., La Jolla, Calif	2,129,998,180	2,550,000,000	22		85,369	180	386
31	Transamerica Mortgage Co. of Calif., San Francisco	2,121,621,615	1,871,744,000	33	+ 2	64,741	171	231
32	Waterfield Mortgage Co., Inc., Fort Wayne, Ind	2,081,000,000	1,872,000,000	32		84,000	120	420
33	Coldwell Banker Commercial Group, Inc., Los Angeles	2,073,246,973	1,913,604,348	30		8,353	N.A.	0
34	Percy Wilson Mortgage & Finance Corp., Chicago	2,050,629,000	1,895,303,861	31		72,000	215	407
35	Lumbermen's Investment Corp., Austin, Tex	1,935,272,158	1,767,659,259	36	+ 1	74,704	220	427
36	Northland Mortgage Co., St. Paul, Minn	1,916,192,770	1,855,000,000	34		33,420	197	176
37	Fort Worth Mortgage Corp., Tex	1,867,493,521	1,075,910,200	71	+34	49,141	466	186
38	STM Mortgage Co., Dallas	1,860,000,000	1,731,213,084	39	+ 1	62,000	200	274
39	Commonwealth Mortgage Corp., Houston	1,839,459,006	....	...		58,514	357	410
40	New York Guardian Mortgagee Corp., Hempstead	1,765,523,154	1,190,732,860	57	+17	54,443	26	895
41	Jersey Mortgage Co., Elizabeth, N.J	1,755,250,054	1,745,645,942	38		40,767	92	142
42	Rouse Real Estate Finance, Inc., Columbia, Md	1,749,425,007	1,532,472,684	41		19,401	87	144
43	General Electric Mortgage Corp., Portland, Ore	1,688,454,124	1,606,331,203	40		42,957	184	300
44	Engle Mortgage Co., Inc., Birmingham, Ala	1,643,148,212	1,019,520,141	78	+34	56,596	161	369
45	Reilly Mortgage Group, Inc., Washington, D.C	1,600,000,000	852,035,229	90	+45	449	42	8
46	Chase Home Mortgage Corp., Montvale, N.J	1,559,400,000	1,506,633,000	42		47,761	31	88
47	Allstate Enterprises Mortgage Corp., Deerfield, Ill	1,524,804,495	1,492,988,653	43		44,614	130	261
48	Midland Mortgage Co., Oklahoma City	1,498,099,129	1,483,446,316	45		49,139	157	314
49	J. I. Kislak Mortgage Service Corp., Miami	1,486,698,588	1,974,919,756	46		76,141	216	252
50	California Mortgage Service, Tustin	1,478,417,638	1,038,258,896	75	+25	46,853	76	289
51	Foster Mortgage Corp., Fort Worth, Tex	1,477,784,719	1,035,192,819	76	+25	44,289	257	343
52	Collateral Investment Co., Birmingham, Ala	1,476,586,602	1,492,959,310	44		59,669	115	269
53	Charles F. Curry & Co., Kansas City, Mo	1,450,000,000	1,373,000,000	48		52,582	146	638
54	Wachovia Mortgage Co., Winston-Salem, N.C	1,428,381,563	1,222,172,927	53		39,279	135	157
55	Real Estate Financing Inc., Montgomery, Ala	1,403,770,225	1,362,946,999	49		41,238	101	287
56	Weaver Bros., Inc., Chevy Chase, Md	1,330,987,000	1,438,598,000	47		30,149	46	156
57	Latimer & Buck, Inc., Philadelphia	1,303,018,094	1,761,017,166	37		31,903	36	0
58	First Fidelity Mortgage Co., Monroe, La	1,279,628,918	1,167,908,999	60	+ 2	65,732	201	263
59	Peoples Mortgage Co., Seattle	1,249,041,441	1,198,627,254	56		36,424	76	211
60	American Fletcher Mortgage Co., Inc., Indianapolis	1,248,963,188	1,177,481,752	59	+ 1	26,934	151	56
61	Standard Mortgage Corp., New Orleans	1,239,000,000	807,074,400	95	+34	30,790	152	100
62	NBD Mortgage Co., Troy, Mich	1,236,589,706	1,251,419,109	52		51,343	69	101
63	Mortgage Corporation of the South, Birmingham, Ala	1,232,740,293	1,218,577,452	54		55,227	210	207
64	First Denver Mortgage Co	1,208,741,988	1,165,806,732	61		24,083	178	123
65	Sherwood & Roberts, Inc., Seattle	1,208,142,829	1,179,314,000	58		38,752	111	313
66	FBS Mortgage Corp., Minneapolis	1,200,856,000	1,130,725,000	65		16,173	109	143
67	First Continental Mortgage Co., Houston	1,198,208,657	1,140,884,371	63		34,144	133	328
68	Citicorp Person to Person Inc., St. Louis	1,181,074,735	....	...		34,644	214	189
69	North American Mortgage Co., Houston	1,167,697,884	886,837,542	87	+18	22,504	225	120
70	Knutson Mortgage & Financial Corp., Minneapolis	1,159,280,190	1,131,001,514	64		29,817	88	332
71	Ryan Mortgage Co., Arlington, Tex	1,158,045,345	1,079,316,213	70		27,083	99	123
72	Utah Mortgage Loan Corp., Logan	1,141,450,270	1,030,164,850	77	+ 5	30,402	73	227
73	Western Mortgage Loan Corp., Ogden, Utah	1,138,891,577	1,048,000,000	74	+ 1	22,490	40	374
74	Housing Investment Corp., Hato Rey, P.R	1,135,270,909	1,158,097,622	62		53,904	123	336
75	Abacus Real Estate Finance Co., Chicago	1,132,331,607	1,103,529,704	66		1,126	49	0
76	Guild Mortgage Co., San Diego	1,119,915,632	1,004,120,424	80	+ 4	25,828	87	214
77	American General Mortgage Corp., Houston	1,100,000,000	971,115,231	83	+ 6	18,000	39	3
78	First Mortgage Company of Texas, Inc., Houston	1,097,231,399	1,101,345,909	67		29,927	173	132
79	American Mortgage Co., Houston	1,095,893,000	916,213,985	86	+ 7	31,237	216	204
80	National Mortgage Co., Memphis, Tenn	1,090,320,583	1,010,382,685	79		54,651	110	286
81	Murray Investment Co., Dallas	1,080,985,000	1,084,818,733	68		25,640	150	152
82	Mortgage Investment Company of El Paso, Tex	1,080,081,197	762,854,300	98	+16	35,340	...	137
83	Colonial Mortgage Co., Montgomery, Ala	1,054,475,054	1,054,838,854	73		34,210	46	297
84	United Virginia Mortgage Corp., Richmond	1,027,297,041	953,715,000	84		28,875	186	139
85	Dorman & Wilson, Inc., White Plains, N.Y	1,004,223,000	741,063,000	99	+14	1,680	14	0
86	Freedom Mortgage, Tampa, Fla	997,387,000	977,576,400	82		27,512	20	58
87	Fidelity Bond & Mortgage Co., Philadelphia	970,542,365	984,068,242	81		34,399	94	0
88	Ryan Financial Services, Pittsburgh	968,073,843	846,364,886	91	+ 3	21,943	63	171
89	Carruth Mortgage Corp., Metairie, La	943,365,067	812,635,375	93	+ 4	25,900	53	117
90	Kentucky Mortgage Co., Inc., Lexington(f)	930,260,259	783,569,190	97	+ 7	33,596	82	223
91	Nowlin Mortgage Co., Fort Worth, Tex	925,803,293	715,000,000	102	+11	20,081	198	104
92	International Charter Mortgage Corp., Hato Rey, P.R	897,860,931	697,000,000	104	+12	33,386	95	334
93	Mellon Mortgage Inc.-East, Cleveland	894,322,701	811,293,999	94	+ 1	23,405	73	173
94	ARCS Mortgage, Inc., Canoga Park, Calif	889,519,616	702,792,748	103	+ 9	17,232	59	112
95	Citizens & Southern Financial Corp., Tucker, Ga	879,641,260	856,000,000	88		26,409	206	117
96	Valley National Mortgage Co., Phoenix	850,000,000	813,624,000	92		27,644	43	34
97	Plaza Mortgage Co., Los Angeles	840,357,000	527,432,000	128	+31	16,632	32	204
98	Dominion Bankshares Mortgage Corp., Fairfax, Va	816,500,000	278,700,000	201	+103	25,358	75	89
99	Trust Company Mortgage, Atlanta	812,000,000	793,513,702	96		25,963	146	94
100	International Mortgage Co., Santa Monica, Calif	788,418,000	417,344,927	146	+46	17,053	23	238

(a)—Excluding loans owned by mortgage companies. (c)—Based on revised data. Rank that company would have had if revised data been available. (d)—Revised. (e)—Estimated figures. (f)— A division of Eagle Mortgage and Investment Co. N.A.—Not available.

NOTE

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